OTHER GOVERNMENTS' POLICIES TOWARDS CO-OPERATIVES

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I have been asked to speak on the relations between Governments and Agricultural Co-operatives. I propose to do this under the heading of several different countries.

UNITED KINGDOM

For many years our Government did little more than make a grant to the National Co-operative Central Organisations of England, Scotland, Wales and Northern Ireland.

Within the last few years, however, it has set up a Central Council for Agricultural and Horticultural Co-operation, the members of which are nominated and represent the Agricultural Co-operative organisations and the National Farmers Unions of these countries.

The Council undertakes research into the possibilities of development and is able to make grants for equipment and in some cases for the appointment of trained managers in the early years of a new venture.

Its two main fields of activity are marketing as regards its first stage after leaving the farm gate and schemes for joint management of farms.

More recently the report of the Barker Committee on Contract Farming has been published. It makes a careful study of the degree to which individual farmers are binding themselves by contract to sell exclusively to processing and retailing firms and recommends that such contracts should be either entered into by Farmers Co-operatives or at least be subject to Co-operative advice and supervision. It recommends the formation of some central body which would permit action of this kind. The Central Council, the Co-operative Federation or a wholly new body might play this part. It also recommends that a Chair of Co-operation should be set up on one of the English Universities.

Entry into The European Economic Community seems likely to change the relations between Co-operatives and Governments in a good many countries.

The existing price subsidies on farm products will be gradually tapered off and it seems doubtful whether Marketing Boards will survive in their present form.

British Co-operatives, through their national Federation are taking an increasing part in the work of the European Co-operative organisation C.O.G.E.C.A. which exists to promote the Co-operative point of view in the Councils of the E.E.C. A number of proposals such as the formation of groupings to cover the marketing of each important commodity and a Co-operative law common to all the countries of the community are at present under discussion. Participation in this body has strengthened the position of the Federation which now includes not only farming but fisheries Co-operatives. The Irish agricultural Co-operatives are independently represented on C.O.G.E.C.A. but collaborate closely.

UNITED STATES OF AMERICA

This country is an excellent instance of how Government can give wise and strengthening help to Co-operative development. This was carried on, first through the Farm Credit Administration, and in more recent years through the United States Department of Agriculture and its Farmer Co-operative Service.

The Farm Credit Administration provided loan capital to individual farmers through the Production Credit Associations and also set up twelve Banks for Farmer Co-operatives which were able to help in the capital development of these business organisations. The Farmer Co-operative Services vetted all projects, undertook valuable research into business aspects of Co-operative development and gave excellent advice over a long period.

This institution is able to give rather less service under the present administration, which is not interested in co-operative development, but it is greatly to be hoped that its original functions will be revived at some future date.

SWEDEN

Government intervention in Sweden was on somewhat similar limes and dates from the early, thirties. Government investment in a Central Co-operative Bank and in central marketing and processing co-operatives especially milk and fat stock made it possible for all these bodies to build up independent strength and gradually pay back the Government. This has also happened in the United States.

FRANCE

In France there are two such banks, one for agricultural co-operatives and the other for those engaged in fisheries or small industries.

To both these banks the French Government makes available annual loan capital which is allocated for short term, medium term, and long term loans, the latter either for individual farmers with development projects or for loans to co-operatives and occasionally to local governments establishing a marketing or processing service. (e.g. a slaughter-house).

The French Government has combined financial aid with the formation of marketing boards such as the National Wheat Office.

OTHER COUNTRIES

A very similar role has been played by the Reserve Bank of India which has a special Co-operative Department, studies new co-operative ventures and takes shares in those it approves.

In Germany, Holland and the Scandinavian countries (other than Sweden) the farmers co-operative movement has been purely voluntary and self sufficient. Even its auditing services are supplied by the co-operatives themselves and it is entirely self-financed.

In Germany and Holland in particular it is grounded on strong national loan and deposit co-operatives, based on the villages but with regional and ultimately national bank of very considerable strength.

In all these countries, however, although Government aid, especially in the form of low interest loans, has been of great importance, it has been recognised from the beginning that the deposits of farmers and of non-farmers must be attracted into co-operative financial institutions, in order that they may be used to promote technical advance and greater solidarity amongst both individual farmers and their co-operative organisations.

The sort of Government aid which could reasonably be accepted and which could be of value to countries and their communities through their co-operative movement would be:-

(a) Loan funds at reasonable rates of interest (but not grants) and in sufficient volume.

(b) Recognition of Co-operatives in national marketing schemes.

(c) High powered research (e.g. a chair of Co-operation at a university).

(d) Advisory services - these are often linked with (a) and (c).

(e) Readiness to accept non-party representations from co-operatives themselves.

This state of affairs is difficult to achieve unless a co-operative movement demonstrates to the government and public :-

(a) Some measure of business co-ordination.

(b) Agreement on common problems, needs and a way to meet these.

(c) Reasonable agreement between co-operatives and farming organisations.

(d) Reasonable agreement between co-operatives and commodity marketing boards.

QUESTIONS TO - MISS M. DIGBY

Q. N.A. Studt - North Queensland Tobacco

To what extent do individual Co-operatives contribute to National Organisations?

A. National Organisations in the countries referred to are in the main entirely self supporting financed by member organisations within the country.

Q. K.W. Edwards - Westralian Farmers

Do Co-operatives overseas enjoy special taxation benefits as opposed to taxation imposts on private companies?

A. In the United States of America Co-operatives have relief from tax but there are many restrictions placed on them in the way of trading with non-members and methods of distribution of surplus in cash or in the form of paper. In the United Kingdom Co-operatives are not exempt from tax although rebates paid are allowable deductions. Reserves for development are taxable.

Q. D.A. Horton - Registry New South Wales

Who is responsible for Co-operative research in these overseas countries?

A. In the United Kingdom the Ministry for Agriculture would put through a research project which is then undertaken by relevant groups.

The Central Council for Agricultural Co-operation does some research but the extent of its activities are restricted by law.

The Plunkett Foundation is set up to undertake research but again it is limited by resources. There is little Co-operative research done in British Universities. This is one of the objectives of the recommendation in Barker Report to establish a Chair of Co-operation at a British university.

Q. T.D. Lawless - Morwell

Is the lack of education in Co-operative philosophy at member level a cause for concern in overseas countries?

A. Yes. Member training is not easy. Regional Co-operatives could improve communication by regular issue of journals, meetings and informal discussions.

The staff training undertaken in most countries does include some areas of teaching the philosophy of Co-operation.

In most Europen countries Co-operative organisations have established Co-operative colleges both agricultural and non-agricultural.

Q. T. Kelly - Railway Staff Credit Union

Would a Co-operative Bank be of assistance to the Australian Co-operative movement?

A committee comprising representation from some Credit Unions, Friendly Societies and Trade Unions is currently studying the possibility of establishing a Co-operative Bank and there are indications of support from the Labor Government to grant a charter when such studies prove the project will be a viable proposition.

A. A Co-operative Bank should be advantageous to the Australian Co-operative Movement. Credit Unions should work together to maximise the use of their resources. Co-operative Banks will be effective when the savings and deposit resources match the credit demand needs. The needs of agriculture might require some government intervention.

Q. O.J. Thomas - United Farmers

Could the movement in Australia market petrol Co-operatively?

A. There should be no reason why this could not be done if it was properly researched and developed. Many Co-operatives in the United Kingdom act as selling agents for petroleum products.

Q. L.F. Clay - Mildura Fruit

Consumer Co-operatives had their origins in the United Kingdom. How are they fairing today? Are they under pressure from the multiple organisations?

A. Consumer Co-operatives in Great Britain have been through a period of considerable re-organisation as a result of indications of loss of initiative. Reports suggest they are now recovering and able to hold their own by more efficient operations.

Q. K.J. Yates - Pioneer Mutual

Do the industrial production Co-operatives established in some European countries still continue to operate satisfactorily along co-operative lines?

A. Some still continue in existence and they are successful. In the main these are in France and Italy.